

A restrained climate for raising capital and a low risk appetite, as well as increased required rate of return, have inhibited EPTI's net asset value development during the year. However, it is clear that EPTI's focused efforts on profitability and strong cash flows are bearing fruit, while the portfolio companies continues to show high organic growth, which has contributed to the EPTI Group delivering profitability at EBITDA level for the second quarter in a row, which paves the way for executing acquisitions of cash-flow-positive service companies and increasing shareholder value over time. Through a Sum of the Parts (SOTP)-valuation of the current portfolio companies, adjusted for a substance premium and investable capital, a justified value per share of EUR 0.47 (0.47) is derived in a Base scenario.

▪ Strong Growth and Good Cost Consciousness

During Q3-22, EPTI delivered net sales of approximately EUR 5.0m (2.1), which corresponds to a growth of 135% Y-Y, of which 27% was organic. The positive revenue development is mainly attributable to the business area EPTI Service, which showed a growth of 153% Y-Y. Increased net sales, combined with good cost consciousness, contributed to the EBITDA result increasing by 766% Q-Q, amounting to approximately EUR 0.4m during the period. With nine reported months of 2022, it is clear that the business area EPTI Service shows continued strong profitability, where the EBITDA result amounted to EUR 2.5 (1.8) during the first nine months of the year, which corresponds to an EBITDA margin of approximately 22%.

▪ Attractive Risk-reward

Considering EPTI's market capitalization as of 2022-11-29 of approximately EUR 18.6m, and that the net asset value at the end of September 2022 amounted to EUR 66.0m, EPTI is traded at a net discount of approximately 72%. Given that EPTI would be acquired at the current market value, the business area EPTI Service would be acquired at an EBITDA multiple of approx. 7x, and the remaining portfolio companies within EPTI Invest would be acquired for free. Thus, Analyst Group believes that the current market capitalization invites to an attractive investment opportunity with good risk-reward.

▪ We repeat our valuation range

Analyst Group believes that EPTI is developing at a good pace with increased organic growth and rising profitability, which is why we have chosen to raise our justified NAV for the portfolio companies, something that thus affects the valuation positively. At the same time, considering less investable capital compared to the previous quarterly update, as well as a continued challenging market climate with increased risk aversion, which has resulted in an increased justified discount in substance, this affects the valuation negatively. Overall, we repeat our valuation range in a Base and Bull scenario, with a minor revision in a Bear scenario, as a result of a general multiple contraction.

CURRENT PRICE | EUR 0.17

VALUATION RANGE

BEAR EUR 0.17	BASE EUR 0.47	BULL EUR 0.62
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EPTI AB			
Share Price (2022-11-29) (EUR)		0.17	
Outstanding Shares (M)		106.8	
Market Cap. (EURm)		18.6	
Investable Capital (EURm)		1.0	
NAV as of Q3-22 (EURm)		66.0	
1 Year Price Range (EUR)		n.a.	
Exchange	Nasdaq First North Growth Market		
SHARE PRICE DEVELOPMENT			
1 Month		-14.5%	
3 Months		-29.6%	
1 Year		n.a.	
YTD		-77.5%	
OWNERS (SOURCE: HOLDINGS)			
1. Arli Mujkic	44.5%	6. Mps Holding	3.2%
2. Allanova AB	6.3%	7. Avanza Pension	2.3%
3. Måns Pontén	3.9%	8. Sebastian Nyaiesh	2.2%
4. Nordnet Pension	3.9%	9. Aggregate Media	1.9%
5. Tord Lendau	3.3%	10. Felix Granander	1.6%
CEO AND CHAIRMAN			
CEO	Arli Mujkic		
Chairman	Hans Isoz		
FINANCIAL CALENDAR			
Q4-22	2023-02-23		
ESTIMATES (BASE SCENARIO)			
EPTI Invest	Motivated NAV per 2022-11-23	Percentage of The Portfolio	
<i>Gaming (EURm)</i>	33.0	45.3 %	
<i>Fintech (EURm)</i>	4.9	6.7 %	
<i>Marketplace (EURm)</i>	2.2	3.0 %	
<i>SaaS (EURm)</i>	8.9	12.2 %	
Service (EURm)	17.0	23.4 %	
Investable Capital (EURm)	38.9	53.3 %	
Net Asset Value (EURm)	1.0	1.4 %	
Substance Premium (+) / Substance Discount (-)		71.9	
Investable Capital (EURm)		-32%	
Motivated Market Cap. (EURm)		1.0	
Price Per Share (EUR)		49.8	
		0.47	

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Other

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